

acter of the bank-note system delayed the larger part of the increase until after the need for the new notes had ceased.

The effect of these various measures of relief was soon felt in the cessation of hoarding; the decline of the premium *on* currency, and the increase in the cash reserves of the New York Clearing House banks, which had been subjected to intense strain at the height of the panic. The deficit in reserves, which stood for the week ending November 2 at \$38,838,825, had been further swelled on November 9 to \$36,666,950; but the increase in the next week, following the action of the Treasury, was less than \$500,000, and in the following weeks turned rapidly downward, until on December 28, 1907, the amount had been reduced to \$20,170,350. The next few weeks saw the extinction of the deficit and the rapid accumulation of cash which usually follows a panic, until reserves stood on February 1, 1908, at \$325,152,100 in amount and \$40,526,725 in excess of legal requirements.

By the latter part of November the worst of the panic was over, so far as the money market was concerned. Payments in currency were gradually resumed, the Secretary of the Treasury was able to withdraw a certain amount of public moneys from the banks, and further engagements of gold were suspended. In Europe also conditions rapidly changed, so that the directors of the Bank of England during January reduced the discount rate by successive steps from seven per cent, to four per cent. The gold stock of the bank, which had fallen on November 7 to £27,725,225, rose by January 30, 1908, to £38,508,150. The Bank of Germany felt the benefit of the inflow of cash after the turn of the year and was able to reduce its discount rate, first from seven and a half per cent, to six and a half per cent., and on January 25, 1908, to six per cent. Within about two weeks— from December 31, 1907, to January 17, 1908—its metallic reserve increased by \$32,000,000 and its notes outstanding decreased by \$82,000,000.

The remainder of the year 1908 repeated the history of previous periods of liquidation. Money continued to accumulate in the banks, rates for loans on call fell to a minimum,